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**International
Accounting Standards
Committee Foundation**

This document is provided as a convenience to observers at IASCF meetings, to assist them in following the discussion.

INFORMATION FOR OBSERVERS

**IASCF Trustees Meeting
London 29 March – 1 April 2010**

Agenda Paper 2A

Background note for convergence oversight meeting

Joint meeting of IASC Foundation-Financial Accounting Foundation
Trustee groups on Convergence Oversight

London, UK
29 March 2010

On 5 November, the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) issued a joint statement that reaffirmed their commitment to improving International Financial Reporting Standards (IFRS) and US generally accepted accounting principles (US GAAP) and achieving their convergence. In doing so, the boards agreed to intensify their efforts to complete the major joint projects described in the 2006 Memorandum of Understanding (MoU), as updated in 2008.

The boards announced that their aim is to complete each major project by the end of June 2011, consistent with the milestones established by the 2008 update of the MoU. In establishing target dates, the boards took into account the fact that several major countries are adopting IFRSs in 2011 and that for some other countries, including the US, continued improvement and convergence is an important consideration in deciding the role of IFRSs in their capital markets.

To provide transparency and accountability regarding those milestones, the boards committed to reporting quarterly on their progress on convergence projects and to making those reports available on their websites. The boards attach a draft first quarter 2010 update. Following the March 29 meeting of and discussion with IASC Foundation-Financial Accounting Foundation trustee groups on convergence oversight, the boards will issue this update.

Also on 5 November the Trustees of the IASC Foundation and the Trustees of the FAF issued a joint statement in support of the IASB-FASB statement. In their statement, the Trustees of both organisations committed to “regularly ... monitor the progress on convergence goals and to help resolve issues within the context of our oversight mandates and the independent standard-setting process.”

To fulfil this oversight commitment, both Boards of Trustees agreed to hold periodic small group meetings with the board chairs to review their boards’ progress and to determine whether actions need to be recommended to the full Trustee groups within the context of their oversight mandates and the independent standard-setting process. The IASC Foundation group comprises Gerrit Zalm, Bob Glauber, Scott Evans, Aki Fujinuma, and Antonio Vegezzi. The FAF Trustee participants at the March 29 meeting will include Jack Brennan, Ellyn Brown, Jeff Diermeier, and Jay Perrell.

The two Trustee groups agreed to meet in London on 29 March to receive a report from David Tweedie and Bob Herz. Further meetings are planned for July in Washington (in conjunction with the IASC Foundation Trustees’ meeting) and October in New York or Norwalk (in conjunction with the joint IASB-FASB meeting).

The draft first quarter 2010 update, combined with the oral report of the two chairs, will serve as the basis of discussion at the 29 March meeting. Specifically, in reviewing the report, the Trustees would like to understand the following:

- What are the major differences between the Boards’ views and how are they seeking to reconcile these differences to ensure high quality and timely completion?
- Are there any topics identified as part of the convergence programme that are in danger of missing the target timeframe? To what extent have the Boards found it necessary (or may they find it necessary) to modify the scope of projects to meet the target timeframe?
- What issues are likely to be contentious, and what strategy(-ies) have the Boards put in place to help ensure broader acceptance?
- Do the Boards have appropriate and sufficient resources to complete the MoU projects in the target timeframe?
- In the context of the Trustee statement, the Trustees agreed to help resolve issues within the context of their oversight mandates and the independent standard-setting process. Are there areas now where the Trustees could help?

Based on the answers to these questions, and particularly those in the last bullet point, the Trustees will discuss what, if any, specific initiatives they should take in support of convergence and the timetable for such initiatives.